

Message Text

LIMITED OFFICIAL USE

PAGE 01 TEHRAN 03892 031351Z
ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 L-03 H-01 PA-01 PRS-01 IGA-02
EUR-12 /099 W

-----031353Z 109581 /43

R 031133Z MAY 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 2372

LIMITED OFFICIAL USE TEHRAN 3892

E.O. 11652: N/A
TAGS: EFIN IR
SUBJ: CLARIFICATION OF IRAN'S DE FACTO FOREIGN EXCHANGE PROCEDURES

REF: (A) TEHRAN A-61, (B) TEHRAN 3423

1. THE EMB REPORTED BY REF B THE CENTRAL BANK OF IRAN'S (CBI) RECENT RESPONSE TO PERSISTENT DEVALUATION RUMORS. THE EMB WAS INFORMED IN MID-APRIL THAT IN ORDER TO IMPROVE CONFIDENCE IN THE RIAL THE CBI LIFTED DE FACTO FOREIGN EXCHANGE CONTROLS BY WHICH LARGE, NON-COMMERCIAL TRANSFERS WERE DELAYED OR REQUIRED TO REMIT IN INCREMENTS. THE DIR OF THE FOREIGN EXCHANGE DEPT CONFIRMED TO EMBOFF THAT TO THE CONTRARY, THE CBI IS BY VERBAL INSTRUCTION REQUIRING THAT BANKS RECEIVING REQUESTS FOR "SIGNIFICANT" TRANSFERS BE REFERRED TO THE CENTRAL BANK'S FOREIGN EXCHANGE DEPT FOR APPROVAL. NO MINIMUM SIZE OF TRANSFER REQUIRE-ING CBI APPROVAL WAS IDENTIFIED, BUT THE MINIMUM EXCEEDS \$10,000. WHEN ASKED TO EXPLAIN THIS NEW PROCEDURE, THE DIR OF THE FOREIGN EXCHANGE DEPT INFORMED EMBOFF THAT THE CLIENT OR, AS THE CASE MAY BE, THE CLIENT'S BANK, SHOULD

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TEHRAN 03892 031351Z

ADDRESS A LETTER TO THE FOREIGN EXCHANGE DEPT REQUESTING AUTHORITY TO TRANSFER THE AMOUNT SPECIFIED AND RELATE IT TO SERVICES PERFORMED RELATIVE TO A CONTRACT OR, AS IN THE CASE OF AN AIRLINE OR ACCOUNTING FIRM, ITS OPERATING PERMISSION; IF BASED ON A CONTRACT, A COPY SHOULD BE ATTACHED. IF THE REMISSION IS OF A TYPE THAT WAS NORMALLY PROVIDED BY COMMERCIAL BANK

THROUGH THE NON-COMMERCIAL FOREIGN EXCHANGE MARKET, THIS SHOULD BE MENTIONED IN THE LETTER. THE CBI OFFICIAL SAID THAT FOR THE PRESENT SUCH REQUESTS WILL BE HANDLED ON A ONE DAY SERVICE BASIS AND WITHOUT ANY DIFFICULTY. BUT, HE SAID IT WAS THE INTENTION ON THE PART OF THE CBI TO TIGHTEN UP ALL NON-COMMERCIAL/MERCHANDISE PAYMENTS SO THAT IRAN'S FOREIGN EXCHANGE OUTFLOWS WILL BE BETTER RECORDED. HE MENTIONED \$10,000 AS A POSSIBLE MAXIMUM CAPITAL EXPATRIATION LIMIT WITHOUT CBI APPROVAL. THE CBI OFFICIAL MENTIONED THAT IRAN WAS IN A SMALL CATEGORY OF NATIONS PERMITTING SUCH A FREE OUTFLOW OF FUNDS AND COULD NOT PERMIT SUCH LARGE, UNRECORDED FLOWS TO CONTINUE. GENERALLY SPEAKING, THE DESIRE IS TO PUT ITS FOREIGN EXCHANGE PROCEDURES ON A PAR WITH EUROPEAN COUNTRIES.

2. COMMENT: THE CBI OFFICIAL CONFIRMED THAT WHAT IS BEING REQUIRED IS NOT IN WRITING AND HE AGREED THAT A WRITTEN INSTRUCTION WOULD BE PREFERABLE SO AS TO REMOVE ANY QUESTION OF ARBITRARINESS. WHAT EXISTS IS APPARENTLY THE BEST HE HAS BEEN ABLE TO SECURE FROM CBI GOVERNOR MEHRAN. EMB IS AWARE THAT THE FOREIGN EXCHANGE DEPT HAS FOR OVER A YEAR ADVOCATED A TIGHTER MONITORING OF FOREIGN EXCHANGE AND CBI SALE OF FOREIGN EXCHANGE THROUGH TWO MARKETS: THE COMMERCIAL MARKET AS IS NOW DONE AND A NON-COMMERCIAL MARKET WHICH, WAS UNTIL THIS RECENT DEVELOPMENT WAS UNCONTROLLED. THE LATTER COULD INVOLVE A SERVICE FEE OF SAY 4 PERCENT, BUT THAT IDEA MAY BE REJECTED. WHILE THE BANKING SYSTEM IS BEING "JAW-BONED" TO COMPLY WITH THIS CURRENT REQUIREMENT, IT IS CLEAR THAT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TEHRAN 03892 031351Z

A COMMERCIAL BANK CAN LEGALLY PRESERVE FOR ITS CLIENTS WHO WISH TO TRANSFER FUNDS OUT OF THE COUNTRY ANONYMOUSLY THOSE FUNDS IT HAS IN ITS POSSESSION. THUS, THOSE CLIENTS WHO HAVE AN EASY CASE FOR TRANSFER OF FUNDS PURSUANT TO, FOR EXAMPLE, A CONTRACT WITH THE GOI WILL BE THOSE REFERRED TO THE CENTRAL BANK.

MIKLOS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, FOREIGN EXCHANGE CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TEHRAN03892
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770154-0971
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770598/aaaadgyc.tel
Line Count: 103
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 50c5309b-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 TEHRAN A-61, 77 TEHRAN 3423
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2651620
Secure: OPEN
Status: NATIVE
Subject: CLARIFICATION OF IRAN'S DE FACTO FOREIGN EXCHANGE PRO- CEDURES
TAGS: EFIN, IR
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/50c5309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009